

December 4, 2003

MAINE PUBLIC UTILITIES COMMISSION	)	STIPULATION
Inquiry – Mid-Period Review of Central Maine Power	)	
Company’s “ARP 2000” Service Quality Indices	)	

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On November 16, 2000, the Commission issued an Order approving a Stipulation in Docket No. 99-666 to create an Alternative Rate Plan (post restructuring) applicable to Central Maine Power Company’s (“CMP” or the “Company”) distribution services (“ARP 2000”).<sup>1</sup> Paragraph 27 of the ARP 2000 Stipulation provided for a mid-period review of CMP’s service quality indicators and specifically targeted the MPUC Complaint Ratio and the Call Center Service Quality indicators for review. Paragraph 27 provided that any modifications to service quality indicators (“SQI”) agreed to as part of the mid-period review, and approved by the Commission, would become effective January 1, 2004.

**Procedural History of this Proceeding**

In order to allow sufficient time to meet the January 2004 implementation date, the Commission issued a Notice of Investigation on August 21, 2002, initiating the mid-period review of CMP’s service quality indicators (Docket No. 2002-445). The Office of Public Advocate (“OPA”) and the Industrial Energy Consumer Group (“IECG”) requested and were granted intervenor status in this proceeding; Bangor Hydro-Electric Company was granted interested party status. The parties met during the Fall of 2002 and the Spring of 2003 in a series of collaborative workshops to review replacement measures for the MPUC Complaint Ratio and

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<sup>1</sup> ARP 2000 applies only to CMP’s PUC jurisdictional distribution revenue requirement and rates. It excludes both the revenue requirements and rates related to stranded costs, which are periodically adjusted in accordance with Section 3208 of Maine’s Restructuring statute, and the revenue requirements and rates related to transmission, which are subject to FERC jurisdiction.

CMP's Customer Survey metrics. As reported in the Advisory Staff's Bench Analysis, filed with the Commission on May 28, 2003, during the collaborative sessions, the parties and Advisory Staff agreed that the two metrics targeted for replacement were accomplishing their objectives and should be retained. Also, in conjunction with the collaborative review process, the Advisory Staff and CMP clarified that the MPUC Complaint Ratio is calculated using the average number of customers by month in the same year that the complaints are opened.

In the May 2003 Bench Analysis, the Advisory Staff recommended changes to two other service reliability indicators: the Customer Average Interruption Duration Index ("CAIDI") and the System Average Interruption Frequency Index ("SAIFI"). Specifically, the Advisory Staff recommended the following changes to the CAIDI and SAIFI indicators:

- Calculate the 10% outage exclusion on a service territory wide basis rather than the current per service center basis.
- Apply the outage exclusion only to those days in which at least 10% of all of CMP's customers are experiencing an outage, and not to all of the days associated with an outage event.
- Modify the exemption criteria for the Business Call Answering metric, similar to the recommended CAIDI and SAIFI exemption, so that only days where 10% or more of CMP's customers, company-wide, were without service would be excluded.
- Reset the baselines for the CAIDI and SAIFI metrics using the new outage exclusion criteria.

The Public Advocate filed Comments on June 24, 2003 in support of the Bench Analysis recommendations. CMP filed its Response to the Bench Analysis on August 22, 2003, arguing that the service reliability indicators, including CAIDI and SAIFI, were working as intended by

the ARP and should not be changed. If the Commission was inclined to review the CAIDI and SAIFI measures, however, CMP stated that any change should be neutral as to shifting any risk under the ARP. CMP further averred that, if the CAIDI and SAIFI service quality indicators were to be modified, the Company advocated applying the 10% outage exclusion against seven (7) service areas rather than company-wide, applying the exclusion to all days associated with a 10% exclusion event, resetting the CAIDI and SAIFI baselines using the seven service area criteria, and conforming the Business Call Answering exclusion metric to the CAIDI and SAIFI metric. In addition, CMP proposed a new provision which would permit CMP to request permission from the Commission to exclude outage data from the CAIDI and SAIFI calculations when specific events, not otherwise excludable, are beyond the control of CMP and affect the Company's ability to maintain service quality.

The Advisory Staff issued a series of discovery requests following CMP's August Response and a Technical Conference was held on October 3, 2003. Settlement discussions were also held but agreement was not reached among the parties and a procedural schedule to complete adjudication of the proceeding was issued on October 9, 2003. The Hearing Examiner issued the Examiner's Report on November 12, 2003, recommending modification of the outage exemption for CAIDI and SAIFI and the Business Call Answering metrics from the current service area basis to a company-wide basis. The Examiner's Report also recommended resetting the CAIDI and SAIFI baseline metrics using the new outage exclusion criteria and stated that future outage exemption calculations should be based on CMP's new outage database query program developed during the course of this proceeding. The Hearing Examiner rejected the Advisory Staff recommendation to modify the duration component of the exemption criteria and stated that entire events should be excluded. In addition, the Hearing Examiner recommended

adoption of CMP's proposal for a mechanism to request Commission approval to exclude specific extraordinary events, otherwise not excludable, when such events are beyond CMP's control and which affect CMP's ability to maintain adequate service.

The parties met on November 18 and 21, 2003, to again pursue settlement. On November 21, the parties reach agreement and resolution on all outstanding issues in this proceeding.

**THE UNDERSIGNED, BEING PARTIES TO THIS PROCEEDING, AGREE AS FOLLOWS:**

1. Purpose. It is the purpose of this Stipulation to resolve all outstanding issues in this proceeding, thereby avoiding further litigation, and focusing the Company's efforts on the January 1, 2004 implementation of the proposed modifications to the ARP 2000 CAIDI and SAIFI service quality indicators.

2. Effective Date and Term. This Stipulation modifies certain provisions of ARP 2000, effective January 1, 2004. The provisions of this Stipulation shall be coterminous with the term of ARP 2002, expiring December 31, 2007. The terms of this Stipulation are not applicable to the measurement of the service quality results for the calendar year 2003.

3. Exclusion Criteria. The exclusion criteria described in Paragraphs 16 (CAIDI Index) and 17 (SAIFI Index) of the ARP 2000 Stipulation state:

When **more than 10%** of the customers **in a service area** are affected by outages, all outages occurring **in that service area** associated with that event will be excluded for the duration of that outage from the calculation of this indicator. (emphasis added)

As agreed by the Parties in this proceeding, effective January 1, 2004, the exclusion criteria will be calculated on CMP's entire service territory. Therefore, the language of paragraphs 16 and 17 of the ARP 2000 Stipulation are amended to read:

When **10% or more** of the customers in **CMP's service territory** are affected by outages, all outages occurring **within CMP's service territory** associated with that event will be excluded for the duration of that outage from the calculation of this indicator. (emphasis added)

4. Duration of Outage Exclusion. The exclusion criteria will continue to be applied to the duration of the excludable outage, as described in Paragraphs 16 and 17 of the ARP 2000 Stipulation.

5. Business Call Answering Metric. Paragraph 19 of the ARP 2000 Stipulation addresses the percent of business calls answered and provides for the following outage exclusion:

On days when **more than 10 percent** of customers in a **service area** are affected by outages, the Company shall exclude all calls on those days from the calculation of this indicator. (emphasis added)

As agreed by the Parties in this proceeding, effective January 1, 2004, Paragraph 19 of the ARP 2000 Stipulation is amended to read:

On days when **10 percent or more** of customers in **CMP's service territory** are affected by outages, the Company shall exclude all calls on those days from the calculation of this indicator. (emphasis added)

6. Discretionary Exclusions. The Company may request permission from the Commission to exclude data from the calculation of the CAIDI and SAIFI indicators on days when specific events, otherwise non-excludable and beyond the Company's control, including work stoppages or strikes, affect CMP's ability to maintain service quality ("Discretionary Exclusions"). CMP shall request Discretionary Exclusions within 45 days of the associated event and shall provide notice of such request to all parties. To the extent practical the Commission shall rule on all such requests within 45 days of the request. No Discretionary Exclusion request shall be granted unless and until CMP has proven, among other things that

may be pertinent to such a request, that there has been substantial damage to its system associated with the event, resulting in significant degradation in service. The Discretionary Exclusion for the Business Call Answering Metric, as contained in Paragraph 19 of the ARP 2000 Stipulation, shall remain unchanged.

7. CAIDI and SAIFI Baselines. In recognition of the changes to the CAIDI and SAIFI metrics (outage exclusions determined on a service territory basis rather than on 11 separate service center areas) and based on CMP's improved outage data collection approach and query tool developed during this proceeding, the Parties agree that the CAIDI baseline will be changed from the current 2.58 hours/year to 2.32 hours/year. Thus, the first sentence of Paragraph 16 of the ARP 2000 Stipulation will be amended to read: "The baseline is set at 2.32 hours/year." The Parties further agree that the SAIFI baseline will be changed from the current 1.80 interruptions per year to 2.10 interruptions per year. Therefore, the first sentence of Paragraph 17 of the ARP 2000 Stipulation will be amended to read: "The baseline is set at 2.10 interruptions per year."

8. Outage Calculation Methodology. CMP will calculate the CAIDI and SAIFI metrics using tools such as its outage database and the query tool developed during this proceeding. CMP used this approach in providing data that the Parties and Commission Staff used in reaching agreement on the baselines in Paragraph 7.

9. Service Quality Penalties. The calculation of service quality penalties, described in Paragraphs 12 and 24 and Attachment 5 of the ARP 2000 Stipulation, shall remain unchanged.

10. Procedural Record. The procedural record for purposes of consideration of this Stipulation shall consist of the documents identified in Appendix A of the Examiner's Report issued in this proceeding on November 12, 2003.

11. Precedent. The execution of this Stipulation by any Party shall not constitute precedent as to any matter of law or fact nor, except as expressly provided herein, shall it foreclose any of the Parties from making any contention or exercising any right, including rights of appeal, in any other Commission proceeding or investigation, or any other trial or action.

12. Intent of the Stipulation. The Parties intend that this Stipulation be considered by the Commission for adoption as an integrated solution to the issues addressed herein which arose in the above-captioned proceeding and as otherwise presented in this Stipulation. The Parties also intend that this Stipulation shall be null and void, and shall not bind the Parties in this proceeding, in the event the Commission does not adopt this Stipulation without material modification.

13. Prejudice. If not accepted by this Commission in accordance with the provisions hereof, this Stipulation shall not prejudice the positions taken by any Party on these issues before the Commission in this proceeding and shall not be admissible evidence therein or in any other proceeding before the Commission.

Dated: \_\_\_\_\_

CENTRAL MAINE POWER COMPANY

By: \_\_\_\_\_

Dated: \_\_\_\_\_

THE PUBLIC ADVOCATE

By: \_\_\_\_\_

Dated: \_\_\_\_\_

INDUSTRIAL ENERGY CONSUMER GROUP

By: \_\_\_\_\_